

HOUSE BILL NO. 11

INTRODUCED BY D. KASTEN

BY REQUEST OF THE DEPARTMENT OF COMMERCE AND THE OFFICE OF BUDGET AND PROGRAM
PLANNING

A BILL FOR AN ACT ENTITLED: "AN ACT APPROPRIATING MONEY TO THE DEPARTMENT OF
COMMERCE FOR FINANCIAL ASSISTANCE TO LOCAL GOVERNMENT INFRASTRUCTURE PROJECTS
UNDER THE TREASURE STATE ENDOWMENT PROGRAM AND TO REGIONAL WATER AUTHORITIES
FROM THE TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM SPECIAL REVENUE ACCOUNT;
AUTHORIZING GRANTS FROM THE TREASURE STATE ENDOWMENT SPECIAL REVENUE ACCOUNT AND
FUNDS FROM THE TREASURE STATE ENDOWMENT REGIONAL WATER SYSTEM SPECIAL REVENUE
ACCOUNT; PLACING CONDITIONS UPON GRANTS AND FUNDS; APPROPRIATING MONEY TO THE
DEPARTMENT OF COMMERCE FOR EMERGENCY GRANTS; AMENDING SECTION 90-6-715, MCA; AND
PROVIDING EFFECTIVE DATES."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Appropriations from treasure state endowment special revenue
account.** (1) There is appropriated to the department of commerce the interest earnings of the treasure
state endowment special revenue account to finance grants authorized by this section.

(2) The funds appropriated in this section must be used by the department to make grants to the
governmental entities listed in subsection (3) for the described purposes and in amounts not to exceed the
amounts set out in subsection (3). The appropriations are subject to the conditions set forth in [sections
1 through 3] and described in the treasure state endowment program 2003 biennium report to the 57th
legislature. The legislature, pursuant to 90-6-710, authorizes the grants for the projects listed in subsection
(3). The department shall commit funds to projects listed in subsection (3), up to the amounts authorized,
based on the manner of disbursement set forth in [section 3] until interest earnings deposited into the
treasure state endowment special revenue account during the 2003 biennium are expended.

(3) The following applicants and projects are authorized for grants in the order of their priority:

Applicant/Project	Grant
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1	1. Lewis and Clark County (bridge)	\$500,000
2	2. Alder Water and Sewer District, Madison County (wastewater)	500,000
3	3. Hot Springs, Town of (water)	500,000
4	4. Whitewater Water and Sewer District, Phillips County (wastewater)	500,000
5	5. Virginia City, Town of (wastewater)	500,000
6	6. Froid, Town of (wastewater)	390,600
7	7. Nashua, Town of (wastewater)	500,000
8	8. Richland County (bridge)	296,500
9	9. Lavina, Town of (wastewater)	483,000
10	10. Gardiner-Park County Water District, Park County (water)	398,500
11	11. Park City/County Water and Sewer District, Stillwater County (wastewater)	500,000
12	12. Stanford, Town of (wastewater)	500,000
13	13. Florence County Water and Sewer District, Ravalli County (wastewater)	500,000
14	14. Ashland County Water and Sewer District, Rosebud County (wastewater)	500,000
15	15. Geraldine, Town of (water)	167,460
16	16. Manhattan, Town of (wastewater)	500,000
17	17. Lambert County Water and Sewer District, Richland County (water)	403,000
18	18. Browning, Town of (water)	500,000
19	19. Kevin, Town of (wastewater)	385,000
20	20. Power-Teton Co. Water and Sewer District, Teton County (water)	425,000
21	21. Blackfeet Tribe (water)	500,000
22	22. Whitefish, City of (wastewater)	500,000
23	23. Choteau, City of (wastewater)	500,000
24	24. Lockwood Water and Sewer District, Yellowstone County (wastewater)	500,000
25	25. Eureka, Town of (water)	369,000
26	26. Shelby, City of (water)	500,000
27	27. Charlo Sewer District, Lake County (wastewater)	500,000
28	28. Essex Water and Sewer District, Flathead County (water)	225,000
29	29. Helena, City of (storm drain)	500,000
30	<u>YELLOWSTONE COUNTY (BRIDGE)</u>	<u>300,000</u>

1	30. Hinsdale Water and Sewer District, Valley County (wastewater)	329,000
2	31. Havre, City of (water)	500,000
3	<u>32. HELENA, CITY OF (STORM DRAIN)</u>	<u>500,000</u>
4	3233. Fairfield, Town of (wastewater)	500,000
5	33. Yellowstone County (bridge)	300,000
6	34. Jordan, Town of (water/wastewater)	500,000

7 (4) If sufficient funds are available, this section constitutes a valid obligation of funds to the grant
8 recipients listed in subsection (3) for purposes of encumbering the treasure state endowment special
9 revenue account funds received during the 2003 biennium under 17-7-302. However, a grant recipient's
10 entitlement to receive funds is dependent on the grant recipient's compliance with the conditions described
11 in [section 3(1)] and on the availability of funds.

12 (5) If funds deposited into the treasure state endowment special revenue account during the
13 biennium ending June 30, 2003, are insufficient to fully fund the projects numbered 1 through 31 in
14 subsection (3) that have satisfied the conditions described in [section 3(1)] by June 30, 2003, these
15 projects will be funded from deposits into the treasure state endowment special revenue account made
16 during the 2005 biennium, before projects authorized by the 58th legislature receive funding from the
17 account. HOWEVER, ANY OF THE PROJECTS NUMBERED 1 THROUGH 31 LISTED IN SUBSECTION (3) THAT HAVE NOT
18 COMPLETED THE CONDITIONS DESCRIBED IN [SECTION 3(1)] BY JANUARY 1, 2003, MUST BE REVIEWED BY THE NEXT
19 REGULAR SESSION OF THE LEGISLATURE TO DETERMINE IF THE AUTHORIZED GRANT SHOULD BE WITHDRAWN.

20 (6) Projects numbered 32 through 34 listed in subsection (3) that have satisfied the conditions
21 described in [section 3(1)] may not receive grant funds unless sufficient funds have been deposited into
22 the treasure state endowment special revenue account to fully fund the projects numbered 1 through 31
23 in subsection (3) ~~that have satisfied the conditions described in [section 3(1)] by June 30, 2003.~~
24 HOWEVER, IF A SUBSEQUENT LEGISLATURE WITHDRAWS FUNDING FOR ANY OF THE PROJECTS NUMBERED 1 THROUGH 31
25 LISTED IN SUBSECTION (3), THOSE FUNDS COULD BE MADE AVAILABLE TO PROJECTS NUMBERED 32 THROUGH 34 LISTED
26 IN SUBSECTION (3) THAT HAVE COMPLETED THE CONDITIONS DESCRIBED IN [SECTION 3(1)].

27 (7) In the event that any remaining funds deposited into the treasure state endowment special
28 revenue account are insufficient to fully fund one of the grant recipients listed in subsection (3), the
29 department may make the remaining funds from the treasure state endowment special revenue account
30 available to the grant recipient on condition that the grant recipient is able to firmly commit the balance

1 of the amount necessary to fund the project in its entirety.

2

3 NEW SECTION. **Section 2. Approval of grants -- completion of appropriation.** (1) The legislature,
4 pursuant to 90-6-701, authorizes grants for the projects identified in [section 1(3)].

5 (2) The authorization of these grants completes an appropriation from the treasure state
6 endowment special revenue account provided for in 17-5-703(4)(c).

7

8 NEW SECTION. **Section 3. Conditions and manner of disbursement of grant funds.** (1) The
9 disbursement of grant funds under [sections 1 through 3] for the projects specified in [section 1(3)] are
10 subject to completion of the following conditions:

11 (a) The grant recipient shall execute a grant agreement with the department of commerce.

12 (b) The scope of work and budget for the project as approved by the department in the grant
13 agreement must be consistent with the intent and circumstances under which the application was
14 originally ranked by the department and approved by the legislature. The department may not approve
15 amendments to the scope of work or budget affecting activities or improvements that would materially
16 alter the intent and circumstances under which the application was originally ranked by the department
17 and approved by the legislature.

18 (c) The grant recipient must have a project management plan that is approved by the department.

19 (d) The grant recipient shall document that other matching funds required for completion of the
20 project are firmly committed.

21 (e) The grant recipient must be in compliance with the auditing and reporting requirements
22 provided for in 2-7-503 and have established a financial accounting system that the department can
23 reasonably ensure conforms to generally accepted accounting principles. Tribal governments shall comply
24 with auditing and reporting requirements provided for in OMB Circular A-133 instead of 2-7-503.

25 (f) The grant recipient shall satisfactorily comply with any conditions described in the application
26 (project) summaries section of the treasure state endowment program 2003 biennium report to the 57th
27 legislature.

28 (g) The grant recipient shall satisfy other specific requirements considered necessary by the
29 department to accomplish the purpose of the project as evidenced by the application to the department.

30 (2) The department shall commit grant funds to projects authorized in the order of priority listed

1 in [section 1(3)] to grant recipients that have met the conditions in subsection (1) as treasure state
2 endowment special revenue account interest income becomes available during the 2003 biennium.

3 (3) If a grant recipient authorized in [section 1(3)] has not met the conditions in subsection (1),
4 the department shall move down the list of projects in the order of priority listed in [section 1(3)] to the
5 next project that has met the conditions in subsection (1).

6 (4) The department may not commit grant funds to a grant recipient authorized in [section 1(3)]
7 unless sufficient funds will be available in the treasure state endowment special revenue account.

8 (5) The department shall disburse grant funds on a reimbursement basis as grant recipients incur
9 eligible project expenses.

10 (6) In the event that actual project expenses are lower than the projected expense of the project,
11 the department may, at its discretion, reduce the amount of treasure state endowment program grant
12 funds to be provided to grant recipients in proportion to all other project funding sources. In the alternative,
13 the department may authorize the use of the remaining authorized treasure state endowment program
14 grant amount for the construction of additional, directly related components that will further enhance the
15 overall system.

16 (7) In the event that actual project expenses are lower than the projected expense of a project as
17 presented in the grant recipient's treasure state endowment program application, the department may, at
18 its discretion, reduce the amount of treasure state endowment program grant funds to be provided so that
19 the grant recipient's projected average residential user rates do not become lower than their target rate
20 as determined by the department.

21 (8) ONCE YELLOWSTONE COUNTY HAS SATISFIED THE CONDITIONS DESCRIBED IN SUBSECTION (1) AND THE
22 DEPARTMENT HAS SUFFICIENT FUNDS TO DISPERSE TO YELLOWSTONE COUNTY IN ACCORDANCE WITH THIS SECTION, THE
23 DEPARTMENT SHALL REIMBURSE ELIGIBLE FINAL ENGINEERING- AND CONSTRUCTION-RELATED EXPENSES THAT WERE
24 INCURRED BY YELLOWSTONE COUNTY SINCE SUBMITTING ITS APPLICATION IN MAY 2000.

25

26 **NEW SECTION. Section 4. Appropriations from treasure state endowment regional water system**
27 **special revenue account.** (1) There is appropriated to the department of commerce the interest earnings
28 of the treasure state endowment regional water system special revenue account to finance the state's
29 share of regional water system projects authorized by this section and as set forth in 90-6-715.

30 (2) The dry prairie rural water authority and the north central Montana regional water authority

1 are authorized to receive funds.

2 (3) Up to ~~\$3 million~~ \$2,358,058 is authorized for the 2003 biennium to provide the state's share
3 for regional water system projects.

4 (4) A regional water authority's receipt of funds is dependent on the authority's compliance with
5 the conditions described in [section 6(1)].

6 (5) This section constitutes a valid obligation of funds to the regional water authorities listed in
7 subsection (2) for purposes of encumbering the treasure state endowment regional water system special
8 revenue account funds received during the 2003 biennium under 17-7-302.

9

10 NEW SECTION. Section 5. Approval of funds -- completion of appropriation. (1) The legislature,
11 pursuant to 90-6-715, authorizes funds for the regional water authorities identified in [section 4(2)].

12 (2) The authorization of these funds completes an appropriation from the treasure state endowment
13 regional water system special revenue account provided for in 17-5-703(4)(d).

14

15 NEW SECTION. Section 6. Conditions and manner of disbursement of funds. (1) The
16 disbursement of funds under [sections 4 through 6] is subject to completion of the following conditions:

17 (a) The regional water authority shall execute an agreement with the department of commerce.

18 (b) The regional water authority must have a project management plan that is approved by the
19 department.

20 (c) The regional water authority shall establish a financial accounting system that the department
21 can reasonably ensure conforms to generally accepted accounting principles.

22 (d) The regional water authority's project must be authorized by the federal government.

23 (2) The department shall disburse funds on a reimbursement basis as the regional water authority
24 incurs eligible project expenses. The regional water authority shall document that local matching funds are
25 committed in equal proportion to the department's disbursement.

26

27 NEW SECTION. SECTION 7. REVIEW OF PREVIOUSLY AUTHORIZED PROJECT GRANTS. PROJECTS AUTHORIZED
28 FOR GRANTS BY PREVIOUS LEGISLATURES THAT HAVE NOT COMPLETED STARTUP CONDITIONS ARE TO BE NOTIFIED BY THE
29 DEPARTMENT OF COMMERCE THAT THE LEGISLATURE AT THE NEXT REGULAR SESSION WILL REVIEW THESE PROJECTS TO
30 DETERMINE IF THE COMMITMENT OF ANY TREASURE STATE ENDOWMENT GRANTS SHOULD BE WITHDRAWN.

1
2 NEW SECTION. SECTION 8. EMERGENCY GRANTS. (1) THERE IS APPROPRIATED TO THE DEPARTMENT OF
3 COMMERCE \$100,000 FOR THE BIENNIUM BEGINNING JULY 1, 2001, FROM THE INTEREST EARNINGS OF THE TREASURE
4 STATE ENDOWMENT SPECIAL REVENUE ACCOUNT FOR THE PURPOSE OF PROVIDING LOCAL GOVERNMENTS, AS DEFINED IN
5 90-6-701, WITH EMERGENCY GRANTS FOR INFRASTRUCTURE PROJECTS, AS DEFINED IN 90-6-701.

6 (2) THE PROJECTS ELIGIBLE FOR EMERGENCY GRANTS MUST BE NECESSARY TO REMEDY CONDITIONS THAT IF
7 ALLOWED TO CONTINUE UNTIL LEGISLATIVE APPROVAL COULD BE OBTAINED WOULD ENDANGER THE PUBLIC HEALTH OR
8 SAFETY AND EXPOSE THE APPLICANT TO SUBSTANTIAL FINANCIAL RISK.

9 (3) THE DEPARTMENT MAY NOT MAKE AN EMERGENCY GRANT IF IT DETERMINES THAT THROUGH THE
10 IMPLEMENTATION OF REASONABLE MANAGEMENT PRACTICES, THE APPLICANT CAN FORESTALL THE RISKS TO HEALTH OR
11 SAFETY UNTIL THE LEGISLATIVE APPROVAL CAN BE OBTAINED.

12 (4) THE DEPARTMENT SHALL INFORM THE GOVERNOR AND THE LEGISLATIVE FINANCE COMMITTEE OF EMERGENCY
13 GRANTS THAT ARE AWARDED DURING THE BIENNIUM.

14
15 NEW SECTION. SECTION 9. CONRAD EMERGENCY DRINKING WATER GRANT. THERE IS APPROPRIATED TO THE
16 DEPARTMENT OF COMMERCE FOR A GRANT TO THE CITY OF CONRAD \$100,000 FROM THE INTEREST EARNINGS OF THE
17 TREASURE STATE ENDOWMENT SPECIAL REVENUE ACCOUNT. THE GRANT MUST BE USED FOR THE CITY'S DRINKING WATER
18 SYSTEM IN ORDER TO MOVE THE PUMPING STATION. THE CITY OF CONRAD MAY NOT RECEIVE THE FUNDS UNTIL IT HAS
19 SATISFIED THE CONDITIONS DESCRIBED IN [SECTION 3(1)(A) AND (1)(C) THROUGH (1)(E)]. THE STATUS OF THIS PROJECT
20 WILL BE REVIEWED BY THE LEGISLATURE AS PROVIDED UNDER [SECTION 7]. THE DEPARTMENT SHALL DISBURSE GRANT
21 FUNDS ON A REIMBURSEMENT BASIS AS ELIGIBLE PROJECT EXPENSES ARE INCURRED.

22
23 SECTION 10. SECTION 90-6-715, MCA, IS AMENDED TO READ:

24 **"90-6-715. (Temporary) Special revenue account -- use.** (1) The treasure state endowment
25 regional water system special revenue account may be used to provide matching funds to plan and
26 construct regional drinking water systems in Montana. Each state dollar must be matched equally by local
27 funds. Federal and state grants may not be used as a local match.

28 (2) The funds in the account are further restricted to be used to finance regional drinking water
29 systems that supply water to large geographical areas and serve multiple local governments, such as
30 projects in north central Montana, from the waters of the Tiber reservoir, that will provide water for

1 domestic use, industrial use, and stockwater for communities and rural residences that lie south of the
2 Canadian border, west of Havre, north of Dutton, and east of Cut Bank and in northeastern Montana, from
3 the waters of the Missouri River, that will provide water for domestic use, industrial use, and stockwater
4 for communities and rural residences that lie south of the Canadian border, west of the North Dakota
5 border, north of the Missouri River, and east of range 39.

6 (3) The funds must be administered by the department of commerce for eligible projects.
7 (Terminates June 30, 2013--sec. 6, Ch. 495, L. 1999.)"

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9 NEW SECTION. **Section 11. Effective dates.** (1) Except as provided in subsection (2), [this act]
10 is effective on passage and approval.

11 (2) [Sections 1 ~~and 4~~, 4, 8, AND 9] are effective July 1, 2001.

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